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RESOLUTION NUMBER 78-65
OF THE
CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION AUTHORIZING THE ISSUANCE OF
CALIFORNIA HOUSING FINANCE AGENCY
MULTI-FAMILY BOND ANTICIPATION NOTES,
(GENERAL NOTE RESOLUTION)

Adopted July 18, 1978

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RESOLUTION AUTHORIZING THE ISSUANCE OF
CALIFORNIA HOUSING FINANCE AGENCY
MULTI-FAMILY BOND ANTICIPATION NOTES

Be it resolved by the Board of Directors of the
California Housing Finance Agency as follows:

ARTICLE I

DEFINITIONS; RESOLUTION CONSTITUTES CONTRACT

Section 101. Definitions. Unless the context
otherwise requires, the terms defined in this Section shall,
for all purposes of this Resolution and of any Supplemental
Resolution have the meanings herein specified:

"Act" means the Zenovich-Moscone-Chacon Housing and
Home Finance Act, being Division 31 (Sections 50000 et seq.)
of the Health and Safety Code of the State, and all laws
supplementary thereto and amendatory thereof.

"Agency" means the California Housing Finance
Agency, a public instrumentality and political subdivision
of the State, created by and existing under the Act, and its
successors and assigns.

"Authorized Newspapers" means newspapers custom-
arily published at least once a day for at least five days
(other than legal holidays) in each calendar week, printed in
the English language, one of which is of general circulation
in San Francisco, California, and one of which is a financial
newspaper circulated in the Borough of Manhattan, City and
State of New York.

"Authorized Officer" means the Chairperson, the
President or a Senior Vice President, or any other person
authorized by resolution of the Agency to act as an Author-
ized Officer hereunder.

"Bonds" means any bonds all or part of the proceeds
of which will be used to pay principal of or interest on the
Notes.

"Development Costs" means the total of all costs incurred by a Mortgagor with respect to a Housing Development which costs are authorized by law and approved by the Agency as reasonable and necessary.

"Escrow Payments" means all payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance and any payments required to be made with respect to Loans for taxes or other governmental charges, or other similar charges to a Mortgagor customarily required to be escrowed.

"Fiduciary" means the Trustee or any Paying Agent.

"Housing Development" means a housing development with five or more dwelling units (which may be on scattered sites) plus such ancillary facilities as are approved by the Agency, financed by the Agency pursuant to the Act by the making, purchasing or refunding of a Loan with the proceeds of Notes.

"Interest Payment Dates" means, with respect to any Series, the dates on which interest on such Series is required to be paid.

"Investment Obligation" means any of the following which at the time are lawful investments under the laws of the State including the Act for the moneys held hereunder then proposed to be invested therein:

(i) direct general obligations of, or obligations, the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America;

(ii) certain Federal securities issued by Federal Land Banks or Federal Intermediate Credit Banks established under the Federal Farm Loan Act, as amended, Banks for Cooperatives established under Farm Credit Act of 1933, as amended, the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, as amended, the Federal

National Mortgage Association, the Government National Mortgage Association and the Federal Home Loan Banks, all established under the National Housing Act, as amended, and by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended, or direct general obligations of the State;

(iii) time or savings accounts or certificates of deposit in financial institutions having a combined capital and surplus of at least \$50,000,000, collateralized (to the extent not insured by federal deposit insurance) by securities eligible to secure public deposits in the State; and

(iv) deposits in the Surplus Money Investment Fund referred to in Section 51003 of the Act.

"Issue Date" means, with respect to Notes of a particular Series, the date of the Notes of such Series specified and determined in accordance with Article II.

"Loan" means a loan to a Mortgagor for Development Costs of a Housing Development, made, purchased, or refunded by the Agency and secured by a Mortgage covering such Housing Development.

"Maturity Date" means, with respect to any Series, the date on which the principal on the Notes of such Series is due.

"Mortgage" means a mortgage, deed of trust, or other instrument which shall constitute a first lien in the State on real property and improvements thereon.

"Mortgagor" means a person or entity which is an obligor on a Loan.

"Note" or "Notes" means any Outstanding Note or Notes, as the case may be, authorized under this Resolution and issued pursuant to a Supplemental Resolution.

"Noteholder" or "Holder" shall mean the bearer of a Note or coupon.

"Officer's Certificate" means a certificate signed by an Authorized Officer.

"Outstanding", when used with reference to Notes and as of any particular date, describes, subject to Section 804, all Notes theretofore and thereupon being delivered except (a) any Note cancelled by the Trustee, or proven to the satisfaction of the Trustee to have been cancelled by the Agency or by any other Fiduciary at or before said date, (b) any Note for the payment of which either (i) moneys equal to the principal amount thereof and interest thereon to the date of maturity, or (ii) specified types of Investment Obligations or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of Section 1101, shall have theretofore been deposited with one or more of the Fiduciaries in trust (whether upon or prior to the Maturity Date of such Note) and (c) any Note in lieu of or in substitution for which another Note shall have been delivered pursuant to Section 308.

"Paying Agent" means any paying agent for Notes appointed pursuant to Section 1001 or Section 1006.

"Principal Office" means with respect to a Fiduciary, the principal corporate trust office of such Fiduciary situated in the city in which such Fiduciary is described as being located.

"Program" means the Agency's program pursuant to this Resolution of making, purchasing and refunding Loans.

"Resolution" means this Resolution Number 78-65 duly adopted by the Board of Directors of the Agency on July 18, 1978.

"Revenues" means all payments, proceeds, charges, rents, insurance proceeds, guarantee payments and all other property (including all property received upon foreclosures of Loans) or income received by the Agency from or related

to the Loans, provided, however, that such term shall not include Escrow Payments or Agency financing, application or commitment fees, Agency insurance premiums or other similar charges received by the Agency from Mortgagors.

"Series" means and refers to all Notes of like designation authenticated and delivered on original issuance at the same time pursuant to a Supplemental Resolution and any Note or Notes thereafter delivered in lieu of or substitution for any of such Notes pursuant to Sections 308, 309 and 311.

"Supplemental Resolution" means any resolution hereafter duly adopted by the Board of Directors of the Agency amending or supplementing this Resolution in accordance with the provisions of this Resolution.

"State" means the State of California.

"Trustee" means the Treasurer of the State, acting in accordance with the Act and this Resolution, and any other corporation or association which may be co-trustee with the Treasurer, and any successor or successors to such Treasurer, corporation or association pursuant to this Resolution.

Section 102. Resolution Constitutes Contract. In consideration of the purchase and acceptance of the Notes by the Holders thereof, the provisions of this Resolution shall be a part of the contract of the Agency with such Holders and shall be deemed to be and shall constitute a contract between the Agency, such Holders and the Trustee.

ARTICLE II

AUTHORIZATION OF NOTES

Section 201. Authorization of Notes. (a) In order to provide sufficient funds for the Program, Notes of the Agency, each to be designated "California Housing Finance Agency Multi-Family Bond Anticipation Note" are hereby authorized to be issued from time to time in one or more

Series without limitation as to amount except as hereinafter provided or as may be limited by law. Such Series shall be issued subject to the terms, conditions and limitations established herein and in one or more Supplemental Resolutions as hereinafter provided.

(b) Such Notes may be renewal Notes issued for the purpose of paying, and in such amount as shall be sufficient together with other moneys or securities available therefor, to pay, all or a portion of the principal of and interest on the Outstanding Notes of a Series.

(c) Such Notes may be refunding Notes issued for the purpose of refunding other notes of the Agency if upon such refunding Loans not in default, complying with the criteria of Section 603(b) and secured by Housing Developments complying with Section 603(d) together with other moneys and securities, are credited to the Accounts for such refunding Notes (as directed by a certificate of an Authorized Officer) in an amount at least equal to the principal amount of such refunding Notes.

Section 202. Authorization for Issuance of Notes in a Series. (a) The Agency shall authorize the issuance of any Series by adopting a Supplemental Resolution. The Notes of any such Series may be issued by the Agency and authenticated and delivered by the Trustee to the purchaser of such Notes upon compliance with provisions hereof. The Notes of each Series shall, in addition to the title "California Housing Finance Agency Multi-Family Bond Anticipation Notes," bear an appropriate series designation.

(b) Each Supplemental Resolution authorizing the issuance of a Series shall include a determination or ratification of a previous determination by the Agency to the effect that the principal amount of said Series is necessary to provide sufficient funds to be used and expended for the

Program, and shall specify and determine:

- (1) the authorized principal amount and designation of said Series;
- (2) the Issue Date and Maturity Date, or the manner of determining such dates, of such Series;
- (3) The rate or rates of interest, or the manner of determining such rate or rates, on the Notes of such Series and the Interest Payment Dates of such Notes;
- (4) the place or places of payment of principal of and interest on the Notes of such Series and the Paying Agent or Agents for such Series, or the manner of determining such place or places and such Paying Agent or Agents;
- (5) the denominations or the manner of determining such denominations of, the manner of numbering and lettering, and the form of, the Notes of such Series;
- (6) the appropriate Accounts or Subaccounts to be established for such Series; and
- (7) any other provisions deemed advisable by the Agency not in conflict with or in substitution for the provisions of this Resolution (except as expressly permitted by this Resolution).

Section 203. Conditions Precedent to Delivery of a Series of Notes. The Trustee shall authenticate and deliver to the purchasers thereof, any Series of Notes authorized to be issued pursuant to this Resolution and a Supplemental Resolution only upon receipt by the Trustee of:

- (a) a certified copy of this Resolution and the applicable Supplemental Resolution;
- (b) an opinion of counsel (who shall be satisfactory to the Trustee) stating that in the opinion of such counsel this Resolution and the applicable Supplemental Resolution have been duly adopted by the Agency and are valid and binding upon the Agency; and

(c) an Officer's Certificate stating that the Agency at the time of issuance of such Series is not in default in the performance of any of the covenants, conditions, agreements or provisions contained herein;

but only if upon the issuance and delivery of such Series of Notes: (1) the amount credited to the Note Supplementary Reserve Account will not be less than 10% of the aggregate principal amount of all Notes Outstanding, and (2) the amount credited to the Note Supplementary Reserve Account will exceed the maximum annual interest on all Notes then Outstanding.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF NOTES

Section 301. Obligation, Note Supplementary Reserve Account. (a) The Notes of each Series are general obligations of the Agency payable from the assets pledged to such Series as provided in Section 501 and from any other assets of the Agency not heretofore or hereafter pledged or encumbered to secure any other bonds, notes or other financial obligations of the Agency other than such Series of Notes.

(b) There is hereby established in the Supplementary Bond Security Account created by the Act in the California Housing Finance Fund in the State Treasury a separate account designated the "Multi-Family Bond Anticipation Note Supplementary Reserve Account." At or prior to delivery of the first Notes delivered under this Resolution, the Agency shall transfer or cause to be transferred all moneys then held in the Supplementary Bond Security Account, not representing interest earned or profits realized thereon, and available so to be transferred (including certain amounts pledged under Resolution Number 77-7 of the Agency, adopted

January 18, 1977 and amended March 15, 1977, May 17, 1977 and January 17, 1978, but not pledged to any particular series of notes or group of series of notes issued under such Resolution), to the Note Supplementary Reserve Account to secure the payment of the principal of and interest on the Notes.

(c) All moneys credited to the Note Supplementary Reserve Account whenever so credited, are hereby pledged to secure payment of the principal of and interest on the Notes. If the principal of or interest on Notes of any Series shall become due and payment therefor in full has not been made or provided for, the Trustee shall withdraw from the Note Supplementary Reserve Account and apply to the payment of such principal or interest the amount then due for which payment has not been made or provided for, to the extent moneys are not otherwise available therefor in any of the Accounts or Subaccounts pledged to secure such Notes in accordance with Section 501. If amounts in the Note Supplementary Reserve Account are insufficient for purposes of such payment amounts in the Supplementary Bond Security Account available at such time to be transferred to the Note Supplementary Reserve Account shall be so transferred, and similarly withdrawn and applied.

If amounts in the Note Supplementary Reserve Account and amounts so transferred to such Account are insufficient for such payment, all such amounts so withdrawn shall be applied to the payment of such principal and interest on such Notes ratably, according to the amounts of principal and interest due on such Notes on such date, without preference or priority of principal over interest or of interest over principal or of any such Note over any other such Note. If and when Revenues would be available for credit to the Program Subaccount established for any Series for the payment

of which amounts in the Note Supplementary Reserve Account have been withdrawn, such Revenues, up to the amount so withdrawn, shall be credited to the Note Supplementary Reserve Account.

(d) The Agency shall be entitled to transfer moneys in the Note Supplementary Reserve Account to any other account to secure the payment of other bonds or notes of the Agency (to the extent then permitted under Resolution Number 77-7, as amended, of the Agency) so long as upon such transfer, the amount remaining in the Note Supplementary Reserve Account is not less than either of: (1) one-tenth (1/10) of the aggregate principal amount of Notes Outstanding or (2) the maximum annual interest on Notes then Outstanding. Any amount so transferred shall be free and clear of the pledge created by this Resolution.

(e) The Notes shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, or a pledge of the faith and credit of the State or of any political subdivision thereof, other than the Agency. Each Note shall contain on the face thereof a statement to the following effect: "Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on this Note.

Section 302. Issue Date. Each Note shall be dated as of, and bear interest from, its Issue Date.

Section 303. Interest Payment Dates. Interest on each Note shall be payable on such dates as are specified by the applicable Supplemental Resolution.

Section 304. Maturity Date. The Maturity Date of each Note shall be a date not more than three years from its Issue Date.

Section 305. Payment, Form and Interest.

(a) The Notes shall be payable in lawful money of the United States of America.

(b) Notes may bear interest payable in accordance with, and upon presentation and surrender of, the appurtenant interest coupons as they severally mature, at the principal office of the Trustee or any Paying Agent appointed pursuant to the applicable Supplemental Resolution.

Section 306. Execution. (a) The Notes shall be executed in the name of the Agency by the manual or facsimile signature of its Chairperson or President and its corporate seal (or a facsimile thereof) shall be thereunto affixed and attested by the manual or facsimile signature of an Authorized Officer of the Agency, or in such other manner as may be required by law.

(b) Any coupons to be attached to the Notes shall be signed by the facsimile signature of the Chairperson or President of the Agency.

(c) The Notes shall bear thereon a certificate of authentication, executed by the Trustee. Only such Notes as shall bear thereon such a certificate of authentication shall be entitled to any right or benefit hereunder, and no Note and no coupon appurtenant thereto shall be valid for any purpose hereunder until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of authentication upon any Note shall be conclusive evidence that the Note so authenticated has been duly issued hereunder and that the holder thereof is entitled to the benefits of this Resolution.

Section 307. Transfer of Notes. All Notes shall be negotiable and transferable by delivery.

Section 308. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the Agency, at

the expense of the Holder of said Note, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor and number (having annexed appropriate coupons corresponding to those, if any, annexed to the mutilated Note) in exchange and substitution for the Note so mutilated, but only upon surrender to the trustee of the Note so mutilated (together with such coupons). Every mutilated Note so surrendered to the Trustee shall be cancelled by the Trustee and delivered to, or upon the order of, the Agency. If any Note or coupon shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Agency and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Agency, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor and number (having annexed appropriate coupons corresponding to those, if any, lost, destroyed or stolen).

ARTICLE IV

APPLICATION OF NOTE PROCEEDS

Section 401. Application of Note Proceeds. Of the proceeds of sale of any Series, the following amounts shall, on the date of delivery of such Series by the Agency, be delivered to the Trustee to be credited as follows:

(a) in the Payment Subaccount for such Series, the amount, if any, of interest accrued from the Issue Date of such Series to the date of delivery of such Series; and

(b) in the Program Subaccount for such Series or Payment Subaccounts for other Series, the balance of such proceeds as specified by the Supplemental Resolution pursuant to which such Series is being issued.

Section 402. Establishment and Application of Note Accounts and Program Subaccounts. (a) The Agency shall

establish in the California Housing Finance Fund a separate account for each Series being held by the Trustee and designated the "_____ Multi-Family Bond Anticipation Note Account" (inserting therein the appropriate Series designation). Within such Note Account, the Agency shall establish in such Note Account a separate Subaccount to be held by the Trustee and designated "_____ Multi-Family Bond Anticipation Note Program Subaccount" (inserting therein the Series designation of such Series). Except as otherwise provided herein, moneys in a Program Subaccount shall be used solely for (1) the making, purchasing or refunding of a Loan or Loans and disbursements pursuant to Section 403 in connection with such Loans, (2) transfer pursuant to Section 404 into the Program or Payment Subaccount established for a Series other than the Series funding the Program Subaccount from which such moneys are being transferred, (3) transfer pursuant to Section 503 to the Payment Subaccount established for the Series funding such Program Subaccount, (4) purchase pursuant to Section 406 of Notes of the Series funding such Program Subaccount, or (5) any combination of the foregoing. Upon the issuance of renewal Notes pursuant to Section 201(b), a pro rata proportion of the total of all moneys and Loans credited to the Program Subaccount for any Series being paid with the proceeds of such renewal Notes shall be transferred to the Program Subaccount for such Series of renewal Notes, the amount of moneys and the particular Loans to be transferred (subject to Section 404) to be designated by a certificate of an Authorized Officer.

(b) The interest earned and other income derived from the investment or credit of moneys attributable to each Program Subaccount shall be credited by the Trustee at the direction of the Agency to the Payment or Program Subaccounts or any other Account or Subaccount that may be established for the same Series.

Section 403. Loan Disbursements. When the Agency makes, purchases or refunds a Loan, the Agency shall designate such Loan as being credited to a specified Program Subaccount and shall reserve sufficient moneys within such Program Account to fund the entire amount of such Loan. Moneys so reserved may not be used or reserved to make, purchase or refund another Loan, to be transferred to another Program Subaccount or Payment Subaccount pursuant to Section 404 or to purchase Notes pursuant to Section 406, unless the Loan for which such moneys were reserved has been credited to another Program Subaccount pursuant to Section 404 or sold or refunded pursuant to Section 405.

When the Agency makes a disbursement in connection with the making, purchase or refunding of a Loan, the Trustee shall, upon receipt of a requisition signed by an Authorized Officer identifying the Program Subaccount from which such disbursement is to be made, and stating the amount of the disbursement, the person to whom payment is to be made or account to which payment is to be transferred, and the amount in said Program Subaccount remaining reserved for such Loan but as yet undisbursed, pay out or transfer such disbursement as requested.

Section 404. Transfer of Loans Between Series. The Agency may transfer a Loan credited to one Program Subaccount (the "old Program Subaccount") to the credit of another Program Subaccount (the "new Program Subaccount") by requesting the Trustee to transfer from the new Program Subaccount into either the old Program Subaccount or the Payment Subaccount for the same Series as the old Program Subaccount the total amount that has at the time of such transfer been disbursed from the old Program Subaccount in connection with such Loan and into such Payment Subaccount the amount of accrued interest on such Loan to the date of

such transfer. Such a transfer may be made only if at the time of such transfer: (a) such Loan and Housing Development financed thereby meet the criteria in Section 603(b), (b) such Loan is not in default and (c) sufficient unreserved moneys are available in the new Program Subaccount to fund the entire amount of such Loan. Upon such a transfer, the Agency shall reserve sufficient moneys in the new Program Subaccount to fund the entire amount of such Loan remaining to be disbursed.

The Trustee shall make such a transfer upon receipt of a requisition signed by an Authorized Officer identifying such Loan, the old Program Subaccount, the new Program Subaccount, the applicable Payment Subaccount, the amounts to be transferred, the Subaccounts to which it should be transferred and the amount to be reserved.

Section 405. Refunding of Loans. The Agency may refund a Loan with the proceeds of Bonds or other obligations other than Notes by crediting to either the Program Subaccount to which such Loan was credited or the Payment Subaccount for the same Series as such Program Subaccount to an amount at least equal to the total amount disbursed for such Loan from the Program Subaccount to which such Loan was credited plus accrued interest on such Loan. Any Loan so refunded shall be free and clear of the pledge of this Resolution.

Section 406. Purchase of Notes. The Trustee shall use moneys in a Program Subaccount or a Payment Subaccount for the purchase of Notes of the Series for which such Subaccounts were established, at a price not greater than par plus accrued interest, upon receipt of a requisition signed by an Authorized Officer and specifying such Subaccount or Subaccounts and the aggregate principal amount of Notes to be so purchased.

ARTICLE V

APPLICATION OF REVENUES AND OTHER MONEYS

Section 501. Pledge of Revenues, Funds and Accounts. Subject only to the provisions hereof permitting the application or transfer thereof for or to the purposes and on the terms and conditions set forth herein, there is hereby pledged for the payment of the principal of and interest on each Series of Notes, respectively, (1) the proceeds of the sale of the Notes of such Series, (2) all Revenues received by the Agency with respect to Loans that are credited to the Program Subaccount established for such Series, (3) all interest earned and other income derived from the investment or deposit of moneys attributable to the Accounts and Subaccounts established for such Series, and (4) all moneys and securities credited to all Accounts and Subaccounts established for such Series.

Section 502. Payment Subaccounts. (a) The Agency shall establish and create in the Note Account for each Series a separate Subaccount to be held by the Trustee and designated the "_____ Multi-Family Bond Anticipation Note Payment Subaccount" (inserting therein the Series designation of such Series). From and after the time of delivery by the Trustee of each Series delivered hereunder, all Revenues shall be collected by the Agency and credited on the date of receipt thereof, as far as practicable, to the appropriate Account with the Trustee. Revenues shall be credited to the Payment Subaccount established for the Series, the proceeds of which were used to fund the Loan with respect to which such Revenues are received, until such Payment Subaccount contains an amount equal to the amount of principal of and interest on the Notes of such Series due on the next Interest Payment Date for such Series. Thereafter, subject to Section 301(c), until such Interest Payment Date Revenues shall be credited

to the Program Subaccount for such Series. Moneys in such Payment Subaccount shall be applied to the payment of the interest on and principal of such Series when due.

(b) Interest earned and other income derived from the investment or deposit of moneys attributable to each Payment Subaccount shall be credited to the Payment Subaccount established for the same Series.

Section 503. Deficiencies in Payment Subaccounts. In the event that the amount credited to a Payment Subaccount is insufficient to pay interest on or principal of the applicable Series of Notes when due, the Trustee shall credit to such Payment Subaccount the amount of such deficiency by charging the following Accounts and Subaccounts in the following order of priority: (a) the Program Subaccount established for such Series and (b) the Note Supplementary Reserve Account.

ARTICLE VI

PARTICULAR COVENANTS OF AGENCY

Section 601. Payment of Notes. Subject to the other provisions of this Resolution the Agency shall duly and punctually pay or cause to be paid the principal of and interest on the Notes.

Section 602. Tax Covenant.

(a) The Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on the Notes shall be exempt from income taxation under any valid provision of law, except that the Agency shall not be in violation of this covenant as a result of any Note being held by a person who, within the meaning of Section 103(b)(7) of the Internal Revenue Code of 1954, as amended, is a "substantial user" of the facilities with respect to which the proceeds of such Note were used or is a "related person".

(b) The Agency shall at no time use directly or indirectly any of the proceeds of the Notes or any other moneys of the Agency to acquire securities or obligations the acquisition of which would cause any Note to be an arbitrage bond as defined in Section 103(c) of the Internal Revenue Code of 1954, as amended, and any applicable regulations issued thereunder.

Section 603. Program Covenants.

(a) The Agency shall make, purchase and refund Loans, and shall do all acts and things necessary to obtain, receive and collect Revenues, in such manner as is consistent with sound lending practices and principles.

(b) No Loan shall be made, purchased or refunded by the Agency from the proceeds of Notes unless the Loan complies with the following terms, conditions, provisions and limitations, and shall have been approved by the Agency:

(1) the Mortgagor must be eligible under the Act, and the Mortgage shall be executed and recorded in accordance with the requirements of existing laws;

(2) the Mortgage shall constitute and create a first mortgage lien (subject to the lien of current taxes) on the real property or interest therein of the Housing Development with respect to which the Loan is made; and

(3) there shall be ALTA title insurance in the full amount of the Loan insuring that the Mortgage constitutes and creates a first mortgage lien (subject to the lien of current taxes) on the real property or interest therein of such Housing Development.

(c) The Agency shall not issue any Series of Notes unless the Agency has outstanding unfunded commitments to finance Loans the aggregate estimated principal amount of which is at least equal to the aggregate principal amount of such Series.

(d) Each Housing Development financed with the proceeds of the Notes must be assisted under Section 8 of the United States Housing Act of 1937, as amended, or a comparable successor subsidy program

Section 604. Issuance of Bonds. The Agency covenants to use its best efforts at the earliest reasonable date to issue and sell Bonds, Notes or other obligations in an amount sufficient to pay the Notes and shall promptly apply the proceeds of such Bonds or Notes, as and when such proceeds are received, or so much thereof (together with such other legally available funds as the Agency in its discretion shall decide to apply) as shall be sufficient for the purpose, to the direct payment of the principal of and interest on the Notes or to the indirect payment thereof by the transfer of Loans pursuant to Section 404 or the refunding of Loans pursuant to Section 405.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

Section 701. Supplemental Resolutions Effective Without Consent. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which Supplemental Resolution, without the consent of the Noteholders, shall be fully effective in accordance with its terms:

(a) to close this Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained herein on, the issuance of future Notes, or of other notes, bonds, obligations or evidences of indebtedness pursuant hereto;

(b) to add to the covenants, agreements, limitations or restrictions herein contained other covenants, agreements, limitations or restrictions to be observed by the Agency which are not contrary to or inconsistent with the

provisions hereof as theretofore in effect;

(c) to confirm, as further assurance, any pledge under, and the subjection to any pledge created or to be created by, this Resolution, of the Revenues or of any other moneys, securities or funds;

(d) to specify, determine or authorize in connection with the issuance of Notes of a Series any and all matters and things relative to such Notes or the proceeds thereof, which matters and things are not contrary to or inconsistent with the Resolution as theretofore in effect;

(e) to cure any ambiguity, supply any omission, correct any defect or inconsistent provision herein or insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable, in such manner as is not contrary to or inconsistent with this Resolution as theretofore in effect; and

(f) to delete the requirement that a Program and a Payment Subaccount be established within each Note Account and to make other changes made necessary by reason of such deletion, but which do not impair the security for the Notes.

Section 702. Supplemental Resolution Effective with Consent of Noteholders. Except as provided by Section 701 hereof, at any time or from time to time, a Supplemental Resolution amending or supplementing this Resolution may be adopted modifying any of the provisions of this Resolution or releasing the Agency from any of the obligations, covenants, agreements, limitations, conditions or restrictions herein contained, but no such Supplemental Resolution shall be effective (unless no Notes delivered by the Agency prior to the adoption of such Supplemental Resolution remain Outstanding at the time it becomes effective) until such Supplemental Resolution is consented to by or on behalf of Noteholders in

accordance with and subject to the provisions of Article VIII.

ARTICLE VIII

AMENDMENTS

Section 801. Mailing and Publication of Notices.

(a) Any provision in this Article relative to the mailing of a notice or other paper to Noteholders shall be fully complied with if it is mailed, postage prepaid (1) to each Holder of any Notes then Outstanding who shall have filed with the Trustee within two years preceding such mailing an address for notices, and (2) to the Trustee.

(b) Any provision in this Article relative to publication of a notice or other matter shall be published in the Authorized Newspapers.

Section 802. Powers of Amendment. In addition to those amendments to this Resolution which are authorized by Article VII hereof, any modification or amendment of this Resolution and of the rights and obligations of the Agency and of the Holders of the Notes and coupons hereunder, in any particular, may be made by a Supplemental Resolution with the written consent, given as hereinafter provided in Section 803, of the Holders of at least sixty percent (60%) in principal amount of the Notes Outstanding at the time such consent is given; provided, however, that if such modification or amendment, will, by its terms, not take effect with respect to any given Series so long as any Notes of such Series remain Outstanding, the consent of the Holders of such Notes shall not be required and such Notes shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Notes under this Section; and provided, further, that no such modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding Notes or of any installment of interest thereon

or a reduction in the principal amount thereof or the rate of interest thereon without the consent of the Holder of such Note, or shall reduce the percentage of Notes the consent of the Holders of which is required to effect any such modification or amendment without the consent of the Holders of all Notes then Outstanding, or shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written consent of such Fiduciary thereto.

Section 803. Consent of Noteholders. The Agency may at any time, in accordance with the provisions of Section 702, adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 802, to take effect when and as provided in this Section. Such Supplemental Resolution shall not be effective unless and until, and shall take effect in accordance with its terms when: (a) there shall have been filed with the Trustee (1) the written consents of Holders of the percentage of Outstanding Notes specified in Section 802, and (2) an opinion of counsel (who shall be satisfactory to the Trustee) stating that such Supplemental Resolution has been duly and lawfully adopted by the Agency in accordance with the provisions of this Resolution, is authorized or permitted by the provisions of this Resolution, and, when effective, will be valid and binding upon the Agency, and (b) a notice of the effectiveness of such Supplemental Resolution shall have been published at least once,

Section 804. Exclusion of Notes. Notes owned or held by or for the account of the Agency shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of percentage of Outstanding Notes provided for in this Article, and the Agency shall not be entitled with respect to such Notes to

give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, the Agency shall furnish the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Notes so to be excluded.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 901. Events of Default. Each of the following events is hereby declared an event of default with respect to a Series of Notes:

(a) default in the payment of the principal of or interest on any Note of such Series after the same shall become due, if such default continues for a period of thirty (30) days;

(b) failure or refusal by the Agency to comply with the provisions of the Act, or default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Resolution, the Supplemental Resolution authorizing such Series, or in the Notes of such Series, and continuance of such failure, refusal or default for a period of ninety (90) days after written notice thereof from the Trustee or from the Holders of not less than five percent (5%) in the principal amount of the Outstanding Notes of the Series affected specifying such default and requesting the same to be remedied;

(c) the filing by the Agency of a petition seeking a composition of indebtedness or the suffering by the Agency of the appointment of a receiver under any applicable law or statute of the United States of America or of the State; or

(d) the limitation or alteration by the State of the powers of the Agency pursuant to the Act, as amended to the date of this Resolution, to fulfill the terms of any agreements made with the Holders of the Notes of such Series,

or the impairment in any way of the rights and remedies of Holders of Notes of such Series until such Notes, together with the interest thereon and interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

Section 902. Remedies. Upon the happening and continuance of any event of default specified in Section 901, then, and in each such case, the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Holders of all Notes of such Series, may, after notice to the Agency, proceed, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Notes of such Series shall proceed, to protect and enforce its rights and the rights of the Holders of Notes of such Series by such of the following remedies, to the extent otherwise permitted by law, as the Trustee shall deem most effectual to protect and enforce such rights:

(a) by suit, action, or proceeding to enforce all rights of such Noteholders;

(b) by action or suit to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Notes;

(c) by declaring, in accordance with the provisions of the Act, all Notes of such Series due and payable, and if all defaults shall be made good, then with the written consent of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Notes of such Series, to annul such declaration and its consequences; and

(d) to realize or cause to be realized by sale or otherwise any security pledged under Sections 301(c) and 501.

Section 903. Remedies Not Exclusive. No remedy

herein conferred upon or reserved to the Trustee or to the Holders of the Notes is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 904. Control of Proceedings. In the case of an event of default described in subsections (a) or (b) of Section 901, the Holders of a majority in principal amount of the Notes then Outstanding of the Series with respect to which such event of default has happened, or in the case of an event of default described in subsections (c) or (d) of Section 901, the Holders of a majority in principal amount of the Notes then Outstanding, shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to Noteholders not parties to such direction.

Section 905. Effect of Waiver and other Circumstances. No delay or omission of the Trustee or of any Holders of Notes to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein, and every right, power and remedy granted or provided herein to them or any of them may be exercised from time to time and as often as may be deemed expedient by the

Trustee or, in an appropriate case, by the Noteholders.

ARTICLE X

THE FIDUCIARIES

Section 1001. Paying Agents. The Agency may by Supplemental Resolution appoint, or determine the manner of appointing, one or more Paying Agents for the Notes of each Series authorized thereby and may at any time or from time to time by Supplemental Resolution appoint, or determine the manner of appointing, one or more additional or replacement Paying Agents for such Notes. Each Paying Agent other than the Treasurer of the State shall be a bank, trust company or national banking association doing business and having its principal office in the States of California, Illinois or New York, having trust powers and having a capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000), willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it hereby. Each Paying Agent other than the Treasurer of the State shall signify its acceptance of the duties and obligations imposed upon it hereby by executing and delivering to the Agency and the Trustee a written acceptance thereof. The Treasurer of the State is hereby appointed to act as a Paying Agent for the Notes.

Section 1002. Funds Held in Trust. All moneys held by any Fiduciary, as such, at any time pursuant to the terms of this Resolution shall be and hereby are assigned, transferred and set over unto such Fiduciary in trust for the purposes and under the terms and conditions of this Resolution.

Section 1003. Certain Permitted Acts. Any Fiduciary may become the owner of, or may deal in, Notes as fully and with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may

act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Noteholders or to effect or aid in any reorganization growing out of the enforcement of the Notes of this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Notes Outstanding.

Section 1004. Resignation of Fiduciary. A Fiduciary, or any successor thereof, may at any time resign and be discharged of its duties and obligations created hereby by giving not less than sixty days' written notice to the Agency and to each other Fiduciary and by publishing notice thereof, specifying the date when such resignation shall take effect, in Authorized Newspapers within twenty days after the giving of such written notice. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Agency or Noteholders as herein provided, in which event such resignation shall take effect immediately on the appointment of such successor.

Section 1005. Removal. A Fiduciary (other than the Treasurer of the State as Trustee), or any successor thereof, may be removed at any time by the Agency or by the Holders of a majority in principal amount of the Notes then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by such Noteholders or by their attorneys duly authorized in writing and delivered to the Agency and the Trustee. Copies of each such instrument shall be delivered by the Agency to each other Fiduciary and any successor thereof.

Section 1006. Appointment of Successor Fiduciary.

(a) In case at any time a Fiduciary, or any

successor thereof, shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Fiduciary or of its property shall be appointed, or if any public officer shall take charge or control of such Fiduciary or of its property or affairs, a successor may be appointed, or the manner of appointing a successor may be determined, by Supplemental Resolution. If in a proper case no appointment of a successor Fiduciary shall have been made pursuant to the foregoing provisions of this section within forty-five days after the Fiduciary shall have given to the Agency and the Trustee written notice as provided in Section 1004 or after the occurrence of any other event requiring or authorizing such appointment, the Fiduciary or any other Fiduciary or any Noteholder may apply to any court of competent jurisdiction to appoint a successor. Said court may thereupon, after such notice, if any, as said court may deem proper and prescribe, appoint such successor Fiduciary.

(b) A successor Trustee to the Treasurer of the State as Trustee may be appointed only in the event of an Event of Default or the resignation of the Treasurer of the State as Trustee. If an Event of Default occurs, and appointment of a successor Trustee would otherwise be permissible hereunder, but the Treasurer of the State as Trustee determines that it is impractical to resign or to be otherwise replaced as Trustee, a co-Trustee to serve with the Treasurer of the State as Trustee may be appointed by Supplemental Resolution. Any co-Trustee appointed under the provisions of this section shall be a bank or trust company or a national banking association, doing business and having its principal office in the State of California, having trust powers and having a capital and surplus aggregating at least two hundred million dollars (\$200,000,000), willing and able

to accept the office on reasonable and customary terms in light of the circumstances under which the appointment is tendered and authorized by law to perform all the duties imposed upon it hereby. If there is no such bank or trust company or national banking association, then a Trustee may be appointed which meets the requirements of Section 1001 with respect to Paying Agents and which has its principal office in the State of California.

ARTICLE XI

MISCELLANEOUS

Section 1101. Defeasance. (a) If the Agency shall pay or cause to be paid to the Holders of the Notes of any Series and the coupons appurtenant thereto, the principal and interest to become due thereon, at the times and in the manner stipulated therein and herein, then the pledge of the Revenues, Accounts and moneys and securities therein hereby pledged for the payment of such Series and the covenants, agreements and other obligations of the Agency to such Noteholders hereunder shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Agency expressed in an Officer's Certificate delivered to the Trustee, execute and deliver to the Agency all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over and deliver to the Agency all such Revenues, moneys or securities held by them pursuant hereto which are not required for the payment of Notes or coupons not theretofore surrendered for such payment or redemption.

(b) Any Series of Notes, and coupons or interest installments appertaining thereto, for the full payment of which sufficient moneys shall have been deposited in trust for such payment by or on behalf of the Agency, whether at or prior to the Maturity Date of such Series, shall be deemed to

have been paid within the meaning of this Section. No moneys so deposited shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of and interest on the Notes for the payment of which they were deposited, excepting that any money so held for the payment to the holders of any particular Series of Notes and coupons appurtenant thereto of principal of or interest on such Notes shall be invested only in such Investment Obligations described in subsection (i) of the definition thereof in Section 101 as the Agency may approve; provided that any cash received from principal or interest payments on such Investment Obligations, if not then needed for such purpose, may be reinvested in such Investment Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on such Notes on and prior to such Maturity Date thereof, as the case may be. Interest earned and profit realized in excess of loss suffered from investment pursuant to this subsection (b) may be paid over to the Agency, to the extent not needed for payment of the Notes as aforesaid, as received, free and clear of any trust, lien, assignment in trust or pledge.

(c) As an alternative cumulative to and not excluding the provisions of subsection (b), any Series of Notes, and coupons or interest installments appertaining thereto, whether at or prior to the Maturity Date of such Notes, shall be deemed to have been paid within the meaning of this section if there shall have been deposited in trust for such payment by or on behalf of the Agency, either (1) moneys in an amount which shall be sufficient, or (2) Investment Obligations described in subsection (i) of the definition thereof in Section 101 the principal of and interest on which when due and without reinvestment will provide moneys

which, together with the moneys, if any, deposited in trust at the same time, shall be sufficient to pay when due the principal and interest due and to become due on said Notes on and prior to the Maturity Date thereof, as the case may be. Neither such Investment Obligations nor any moneys so deposited nor any moneys received on account of principal of or interest on said Investment Obligations shall be withdrawn or used for any purpose other than the payment, when due, of the principal of and interest on the Notes for the payment of which they were deposited, and all such moneys shall be held in trust for and be applied to, such payment until such payment is made.

(d) Anything herein to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Notes or coupons appurtenant thereto which remain unclaimed for five years after the Maturity Date of such Notes, if such moneys were held by the Fiduciary on such date, or for five years after the date of deposit of such moneys if deposited with the Fiduciary after the Maturity Date of such Notes, shall, at the request of the Agency expressed in an Officer's Certificate delivered to the Trustee, be paid by the Fiduciary to the Agency as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Holders of such Notes and coupons shall look only to the Agency for the payment thereof; provided, however, that before being required to make any such payment to the Agency, the Fiduciary shall, at the expense of the Agency, cause to be published at least once in Authorized Newspapers notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than ten (10) nor more than twenty (20) days after the date of the first publication of such notice, the balance of

such moneys then unclaimed will be paid to the Agency.

Section 1102. Investment of Funds. (a) The moneys held by a Fiduciary shall be a trust fund for the purposes hereof. Moneys attributable to each of the Accounts and Subaccounts, on instructions confirmed in writing by an Authorized Officer, shall be invested by the Fiduciary holding the same in Investment Obligations maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable, as determined by an Authorized Officer.

(b) Investment Obligations representing an investment of moneys attributable to any Account or Subaccount shall be deemed at all times to be a part of said Account or Subaccount and the interest thereon and any profit arising on the sale thereof shall be credited as directed by certificate of an Authorized Officer, except as otherwise expressly provided herein, and any loss resulting on the sale thereof shall be charged to said Account or Subaccount. Such investments shall be sold at the best price obtainable whenever it shall be necessary so to do in order to provide moneys to make any transfer, withdrawal, payment or disbursement from said Account or Subaccount, or, in the case of any required transfer of moneys to another such Account or Subaccount may be transferred to that Account or Subaccount in lieu of the required moneys if permitted hereby as in investment of moneys in that Account or Subaccount, and no Fiduciary shall be liable or responsible for any loss resulting from any investment made in accordance herewith.

Section 1103. Cancellation of Notes and Coupons. All Notes and coupons purchased, redeemed or paid shall, if surrendered to the Agency or any Paying Agent, be cancelled by either of them and delivered to the Trustee, or if surrendered to the Trustee, be cancelled by it.

Section 1104. No Recourse on Notes. All covenants, stipulations, promises, agreements and obligations of the Agency contained in the Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and not of any director, officer or employee of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal of or interest on the Notes or for any claim based thereon or hereunder against any director, officer or employee of the Agency or any natural person executing the Bonds.

Section 1105. Parties Interested Herein. Nothing herein expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Agency, the Fiduciaries and the Holders of the Notes and the coupons thereunto appertaining, any right, remedy or claim under or by reason of this Resolution or any covenant, stipulation, obligation, promise or agreement herein contained by and on behalf of the Agency, shall be for the sole and exclusive benefit of the Agency, the Fiduciaries and the Holders of the Notes and the coupons thereunto appertaining.

Section 1106. Accounting Records. Whenever the Trustee is required hereby to establish and maintain Accounts or Subaccounts, and if the Treasurer is the sole or co-Trustee, the establishment and maintenance of such Accounts or Subaccounts in the records of the Controller of the State shall be deemed to be in full compliance with such requirement.

Section 1107. Notice to Agency and Trustee. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the principal office of the Trustee in Sacramento, California, which at the time of the

adoption hereof is located at Room 110, 915 Capitol Mall, Sacramento, California 95814. Any notice to or demand upon the Agency shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to the Agency at Suite 403, 301 Capitol Mall, Sacramento, California 95814, Attention: President, or to the Agency at such other address as may be filed in writing by the Agency with the Trustee.

Section 1108. State Pledge. In accordance with the Act, the following pledge is included herein:

The State pledges with the Holders of any Notes issued under this Resolution that the State will not limit or alter the rights vested in the Agency to fulfill the terms of any agreements made with the Holders or in any way impair the rights and remedies of such Holders until such Notes, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully met and discharged.

Section 1109. Effective Date. This Resolution shall take effect immediately.


PASSED AND ADOPTED this 18th day of July, 1978, by the following vote:


AYES: Directors Frank, Kruer, Mazer, Robinson, Turner, Thoke for Stein, Unruh

NOES: None

ABSENT: deNecochea, O'Connor

[Seal]


Chairperson of the
Board of Directors


Secretary of the
Board of Directors